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Carnahan and Emerson Lead Bipartisan MO-Delegation Letter Urging Swift Action To Stop Unfair and Illegal Trade Practices

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(ST. LOUIS, MO) – In response to reports of unfair trade practices by Chinese companies, U.S. Representative Russ Carnahan is spearheading an effort to ensure enforcement of trade regulations that allow Missouri companies to compete on a level playing field. In a letter released today by Carnahan, Congresswoman Jo Ann Emerson (R-MO), Congressman Todd Akin (R-MO), Congressman Billy Long (R-MO), Congressman Blaine Luetkemeyer (R-MO), and U.S. Senator Claire McCaskill (D-MO), the lawmakers urged federal regulators to redouble enforcement efforts.

“Our trade laws exist to create a fair playing field for American companies to compete – but laws won’t work unless they’re enforced ,” said Carnahan. “In a fair competition, American manufacturing can win every time. It’s our job to make sure that the

competition is fair, and if the job’s not getting done we need to come together, put our differences aside, and figure out how to get on track.”

As the *Post-Dispatch* [reported last week](#) , for years Missouri companies have fought and won cases with the International Trade Commission on good evidence of “dumping” – or as termed by the Post-Dispatch, “exporting products at artificially low prices in hopes of killing the competition” – by Chinese companies. At least three St. Louis-based companies have been parties to successful “dumping” cases with regard to Chinese companies: Laclede Steel, based in St. Louis; Maverick Tube, based in Chesterfield; and Bull Moose Tube, also based in Chesterfield. When the International Trade Commission finds evidence, regulators correct these imbalances by ordering duties that equalize the prices – however, for years Chinese companies have found ways to escape paying duties and continue unfair practices.

According to a recent [report by the Government Accountability Office](#) , this issue has spanned multiple Presidential administrations –

going back to 2007

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. Though multiple reasons account for the uncollected duties, one major contributor is the current “retrospective” regulatory system, which mandates that a large percentage of the duties assessed on imported goods are left until later to be collected. Recovering the duties owed at a later date is difficult and costly.

“We live in a global economy, and China is an important trading partner,” said Carnahan.

“ We must

increase trade opportunities for Missouri businesses, but fair trade means that everyone has to play by the same set of rules.

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In their bipartisan letter, the Missouri lawmakers called on the Department of Commerce and Customs and Border Patrol to remedy the problems and report on the “**strength, functionality, and resolve of the Administration’s trade enforcement procedures.**”

The full letter is copied below:

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Dear Secretary Locke and Commissioner Bersin:

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We are writing in response to recent reports that the Administration may be failing to adequately enforce U.S. trade remedy laws vis-à-vis China.□□ U.S. trade remedy laws are meant to offset the harmful impacts of unfair trade practices by our trading partners and are an important underpinning to the overall U.S. goal of ensuring free and fair trade globally.

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As you know, in 2008, the U.S. International Trade Commission ruled that Chinese companies were breaking laws that guard against unfair trade by “dumping” cheaply made nails and

thereby harming American businesses. In turn, the U.S. Department of Commerce imposed tariffs on Chinese-made nails with the goal of eliminating the unfair trade practice.

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However, despite these tariffs, which in some cases would nearly double the price of the nails, Chinese exporters continued to supply nails into the U.S. market at values similar to those in effect in the absence of the trade remedy. Feeling the economic burden of these relentless and unfairly priced imports, a family-owned business in Missouri hired private investigators who discovered that Chinese companies were shipping nails illegally via South Korea and Taiwan (a practice known as transshipment).

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Although the company has turned the investigation’s results over to the Customs and Border Protection (CBP) of the U.S. Department of Homeland Security, it appears that CBP has taken little to no action in response to these allegations. Due to these illegal transshipment activities, U.S. imports of Chinese nails continue to flood the U.S. market at below market values with ongoing injury to U.S. manufacturers.

Moreover, other industries in Missouri have reported injury to their business as a result of Chinese dumping, and a 2008 Government Accountability Office report cites that CBP has been unable to collect at least \$600 million in antidumping and countervailing duties. As our economy struggles to recover from the worst recession since the Great Depression, it is incumbent upon the Administration to enforce the country’s trade remedy laws in order to ensure American manufacturers can compete on a level playing field with their foreign competitors. If the Administration does not have the tools or authority to adequately enforce our nation’s trade remedy laws, we want to work with you to help bolster enforcement mechanisms so that industries in Missouri and all around the country are able to compete fairly in an increasingly globalized economy.

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As it is, American manufacturers and businesses find it far too difficult to compete against Chinese competitors for a variety of reasons ranging from China's lax-enforcement of intellectual property rights to the foreign exchange interventions it conducts in order to maintain an undervalued currency. Thus, it is imperative that we enforce our domestic trade remedy laws in response.

We urge the Department of Commerce and CPB to coordinate with other relevant agencies and departments to better enforce U.S. trade remedy laws including those relating to the antidumping duties placed on Chinese nails. Further, we are deeply concerned about the implications this case reveals about our overall trade enforcement mechanisms, and we look forward to your detailed responses on the strength, functionality, and resolve of the Administration's trade enforcement procedures. Thank you for your swift attention to this matter.

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